

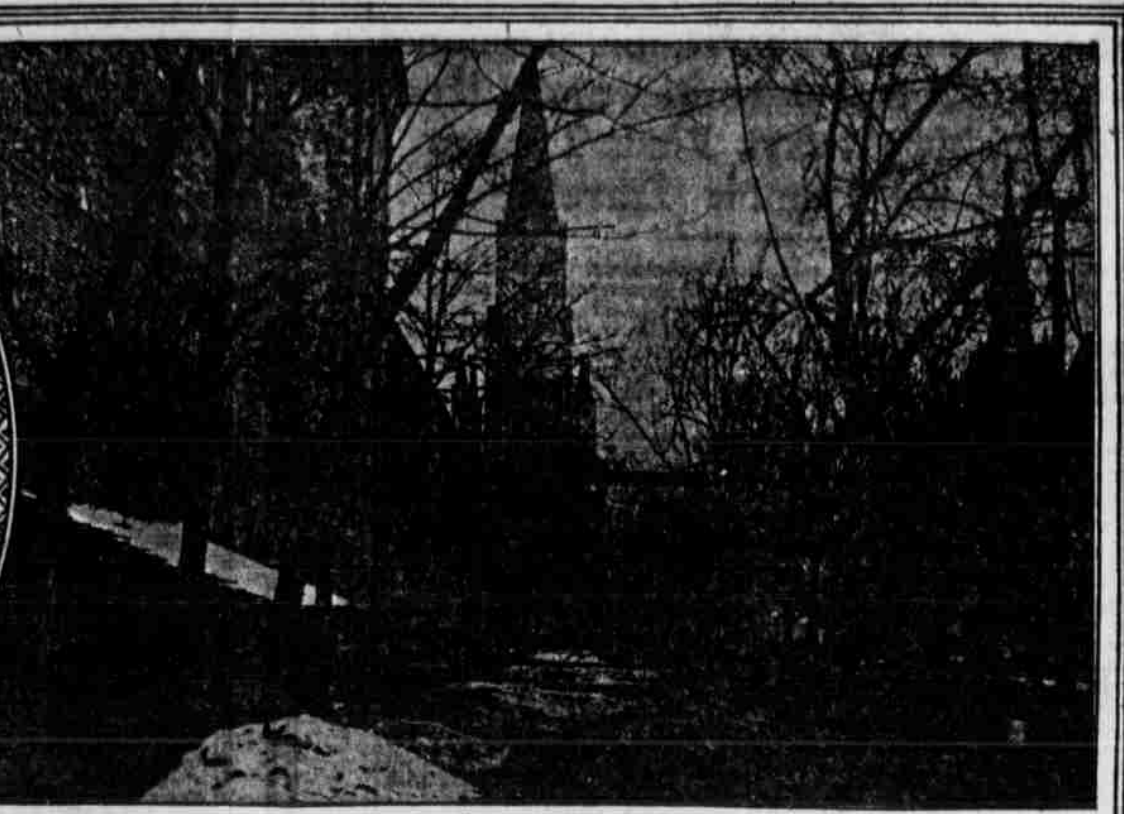
Wanderlip Warns America to Beware of the Power of Minorities



The PEACE PALACE AT THE HAGUE WHERE MR. VANDERLIP LOCATED THE INTERNATIONAL LOAN COMMISSION WHICH HE PROPOSES.



LEON TROTSKY, WHO, MR. VANDERLIP SAYS, HAD A THIRST FOR BLOOD SUCH AS HAD MAD EMPERORS OF ROME.



GRAVES ALONG THE WALL OF THE FAMOUS KREMLIN, IN MOSCOW THE SEAT OF THE BOLSHIEVSKI GOVERNMENT.

Good Citizenship, He Declares, Is Supreme Lesson to Be Drawn From War, and Things Will Turn Out Well as Long as the Majority Rules

What Happened to Europe.

This is the final instalment of "What Happened to Europe," written by Frank A. Vanderlip, who recently resigned as president of the National City Bank and has long been regarded as one of the leading financiers of the country. His account of industrial, social and financial conditions overseas is based on a three months personal and exhaustive investigation.

By FRANK A. VANDERLIP.

CHAPTER XIII.

The Power of Minorities.

WHETHER he believes in democracy, is convinced that the great mass of the people is right minded, well intentioned and, despite local aberrations, that the voice of the great majority is a wise voice. One comes to a comfortable optimism that things will work out well in the end if the majority rules.

One of the most startling impressions which I have received in Europe is that the majority do not rule and that sometimes minorities, apparently almost inconspicuously small, may grasp power and wield it in amazing fashion. If this is so we cannot rest comfortably in the assurance that majorities are right minded and that right mindedness will control destinies where majorities have the ostensible political power.

War Illustrates Minority's Power.

Perhaps the most awful illustration of all time of the terrible power of a minority is to be found in the story of the great war itself. The power of that numerically insignificant party of Prussian militarists to throw a whole world into a cataclysm has no parallel. But here it may be stated there was no free play of the voice of democracy and that a great people had no right but had to follow where they were led.

Let us take another illustration. Perhaps 100,000,000 people of the 175,000,000 that once constituted Russia have passed under the sway of a Bolshevik regime, although the true adherents to that political theory probably numbered less than 5 per cent of the population involved. The most centralized and autocratic government in modern times has sprung up in Russia, although 85 per cent of the people involved did not adhere to the political theories which would repudiate the authority if they could.

Perhaps it would be as appropriate a place as any to give a picture of the internal Bolshevik Russia on the first of April, 1918. It is a second-hand picture to be sure, but it is based on facts related to me by one Russian and two Americans who were in Petrograd and Moscow for the purpose of observation, who had conferences with Lenin and Trotsky and who must at least have grasped the superficial aspects of life under the Bolshevik regime.

Here are the essential features of what these men told me they saw: They entered Russia across the Finnish border, taking with them a certain amount of food, and came without great delay to Petrograd. Their first impression was that of a city of silence, but not a city of destruction. Petrograd stands outwardly very much as it did before the revolution. The Winter Palace is scarred here and there from shots, and there are traces of the effect of machine guns, but it is not a scene of many buildings. There has been no wholesale destruction. Every shop in Petrograd is closed and the windows shuttered. Whatever may be bought must be purchased from the great Government department stores. Their stocks are meager and there are many awkward blanks. Not over 1,000,000 people are left in the city. Literally, starvation is a matter of daily occurrence, because of the impossibility of moving food into the city over the broken down transportation system. Out of the 10,000 locomotives that once too abundantly served the Bolshevik region to the revolution less than 5,000

are in active use. Many of these but limp about their work. There is not a ton of coal in all Bolshevik Russia, and locomotives must be fired with wood. Starvation follows the breakdown of transportation, and would continue no matter what sources of food there were at the end of these broken down lines of railways.

I was greatly interested to learn as a passing piece of information that the great art treasures of the Hermitage Museum in Petrograd are unharmed. My friends visited the museum, saw the pictures and bore testimony that the gallery is intact. A few of the most valuable pictures had been sent to Moscow at a time when a raid was feared across the Finnish border, but at the time of this visit arrangements were being made for their return.

Moscow's Chaotic Activity.

While Petrograd is a city of silence, Moscow is a centre of chaotic activity. Being the seat of the most autocratic governmental power of modern days, the home of a government that has centralized its authority to the highest degree, while at the same time that authority has been extended to the minutest control of individual lives, the whole heartedness of Bolshevik Russia was discernible there. Again there was evidence that the tales of material destruction had been overdrawn. The stories of a destroyed Kremlin are absolutely untrue. There was no evidence of damage within the Kremlin walls, and the only evidence of damage was where two pinnacles on the Red Gate had been destroyed and workmen were at that moment engaged in replacing them. Hunger was as acute in Moscow as in Petrograd. The difficulties of transportation were the same. In spite of this breakdown in transportation my friends made the trip from Petrograd to Moscow in thirteen hours, which is only two hours longer than the old time schedule.

A revolution which started with soldiers' councils voting on whether or not they should salute their officers and what measures might or might not be spread by the doctors in controlling the spread of typhus, a revolution which was marked in the beginning by committees of workmen deposing factory managers and "democratizing industry" to the limit of socialistic imagination, has passed to quite another phase. There are no more soldiers' councils. Instead, there is the army dominated by a system of discipline that would make a Prussian officer turn green with envy. Trotsky, be it remembered, is Lenin's Secretary of War. He has been as mad as Nero with bloodthirst. When the peasants who wanted a definite title to particular parcels of land, quite in contravention to the Bolshevik theory of communism, revolted, Trotsky sent an overpowering military force against one village, and when its day's work was done not a single man, woman or child remained of the 2,500 that were there at sunset. This was merely an example of terrorism, taken perhaps from the book of the Huns.

On another similar occasion, the regiments were sent against a revolting village and retired defeated. Trotsky's method of discipline in this case was to order the execution of every officer in the regiment and every tenth man in the ranks.

Turning to Church for Comfort.

Broadly speaking, however, the old days of terror are over. A stern morality has taken possession of the State. In their distress there is a great revival of religious feeling and in their desperate condition they are turning to the church for comfort. Bolshevik Russia is absolutely dry.

In their political theory of communism and with the Government's complete control of the food supplies there is but one method of averting starvation, and that is to obtain bread cards. But a bread card, it is true, does not always mean bread, and people sometimes starve with bread cards in their hands. But without the bread card food may not be had. Those who are entitled to a full bread card are the soldiers, people engaged in essential work who accept the Bolshevik regime, actors, ballet dancers and all government functionaries, who now number a multitude. Others, although accepting the Bolshevik rule but not engaging in the necessary work, receive half a bread card; while those who do not work or will not accept work

under Bolshevik conditions may receive a quarter bread card, which if it could be converted into bread would still not sustain life. Naturally, the community is Bolshevik. Those who do not accept Bolshevikism accept death.

The minute ordering of the lives of people, the dead level of reward and the meagreness of that reward tend to make Bolshevikism pall when viewed as a political panacea by its victims. The governmental ordering of life, the total loss of personal freedom, is building up a new party, an extreme left of anarchism, which bitterly resents the extreme developments of the Government's control of the individual which has been a necessary part of communism. And so it has come that Lenin is regarded as a reactionary by this extreme left, and there is growing up some of the same opposition to his democracy that undermined the autocracy of the Czar.

Lenine and Trotsky.

The personal picture of Lenin, with which I have found no disagreement in speaking with a number of people who are well informed, is that he is a man of most extraordinary ability, and with some truly fine characteristics. He was a Russian idealistic noble and came to be a man of only one idea. He believed that the regime of capital meant slavery and that the world would find freedom in a communist state of society. In his own mind every motive was fine, every act moved by patriotic sympathy and love for the people.

In Lenin's War Minister, Trotsky, there seems to be utterly different ma-

terial, except that, like Lenin, he has shown vast ability to organize. He has a thirst for blood such as had mad emperors of Rome. He is vindictive, cynical, cruel. His aim is to impose Bolshevikism on Europe by force of arms. Both he and Lenin agree that Europe cannot stand divided between a communist and a capitalist state of society. One side or the other must fall. Trotsky wants to bring the fall of capitalist society by force of arms. Lenin, however, believes that each nation must work out in its own way and by its own revolution its change from a capitalist to a communist state. He wants to aid by propaganda, advice and financial help the fomenting of such revolution, but he would be prepared to demobilize the Red Army if the armies of Kolchak and Dinkine and those of enemies on his northern and western fronts would disband.

Already the Bolshevik Government has had to make sharp compromises with the communist theories. When the peasants, following the revolution, got in their possession bits of land their views of communism quickly changed. They demanded a guaranty of title to specific land holdings. It was this demand that confronted the Bolshevik Government. In the end it had to be granted. Bolshevik communist government to-day is giving specific land titles, quite against its communist theory, to the peasant classes.

In another particular they had to compromise with the theory of a common communist wage. The "democratization of industry" as exemplified in Russia was not a success. It seemed to be essential that some of the old managers of industry, should be brought back, but they were not inclined to come for a bread ticket. So the Government is paying some very handsome salaries (in its printed

paper money it is true) to the trained industrial managers. Thus the second compromise with economic principle was made. Then under the pressure for things from the outside, negotiations were begun to alienate to capitalist use and enterprise tracts of royal land in order to get capitalist credit with which to pay for capitalist made boots and other needed imported articles.

Looking Into Russia's Future.

Making predictions of any kind is dangerous business. To make a prediction about so vast a chaos as Russia would need a quite foolishly reckless prophet; and still without making a prediction I am going to make a guess. The Bolshevik regime is a passing phase. It will be succeeded by a dictator, again representing an effectively powerful small minority. The period of dictatorship will be followed by a constitutional monarchy, for Russia with its 85 per cent of illiteracy, and with its unstable and idealistic national character, is not ready for a real democracy. And then sooner or later there will emerge a nation, the most solvent in Europe, because it has the richest natural resources. It is a nation that has more nearly the characteristics of the United States than any other nation in the world, and it may yet have some of the same type of marvelous prosperity. In a sense, the obligation of Russia, discredited and repudiated as it is to-day, is more valuable than the obligation of some countries whose obligations have hardly been questioned, because there is in Russia the inherent wealth to make good its obligations.

But all this is but guessing, and one man's guess is worth as much as another's. While I am guessing, however, I will make another. Russia will be dominated and exploited by Germany, unless the United States

Pictures New York as New Financial Centre of World—Tells How U. S. Can Save Russia From Germans—Outlines Plan for International Loan to Europe

shows unexpected presence, courage and a disposition to take a financial adventure. Germany lies adjacent to Russia. I am told there are 100,000 Germans who speak the Russian language. The intelligentsia of Russia has well nigh disappeared. At least 50,000 have been assassinated, and at its best the intelligentsia of Russia had not demonstrated great powers of industrial organization. The imperial spirit of conquest has not been killed in Germany. When the war started the aim of German ambition pointed toward Bagdad. Now it will swing around toward Moscow and the rich world beyond. There will be an escape for Germans from the slavery of indemnity by migration to Russia, and an almost free field for German direction, because there will be few Russians left with capacity to direct. Indeed in some quarters it is believed that there has been German planning to the killing off of the Russian intelligentsia, which was but another phase of that devilish cunning which destroyed the machinery of Belgium and northern France without military necessity but only that commercial competition might be ended.

Opportunity for Americans.

If America cares to grapple for a hold on this vast chaotic world of Russia there is a wonderful opportunity. The American mind comprehends Russian conditions. If our people would go over there in force, going with a desire for service in their hearts, rather than with narrow views of immediate exploitation for profit, we could give Russia a future and save her from a fate that would make a wide difference in the writing of the next hundred years of the world's history. If we keep hands off, the Russian border will offer an opportunity for escape from indemnity servitude to many Germans, and the genius for pitiless human organization, which Germany unquestionably has, will find a wonderful field to display itself upon the Russian people.

These two examples of Prussianism and Bolshevism are extreme and not particularly good examples of what I mean by the "power of minorities." The point that I wished to make is one that I found illustrated in many European countries, of what an active minority can do pitted against a phlegmatic majority, and particularly a phlegmatic majority which has little solidarity.

What I have seen leads me to believe that it might be possible in any country to change the course of government, to overturn the form of government, indeed even to impress upon the people a new form of social order, while the great majority of the people had no desire for such a change and took no active part in bringing it about.

Countries Exposed to Bolshevism.

I believe that a spread of Bolshevism in Europe can come either through contact with Bolshevism, or by a spontaneous outbreak of Bolshevism in a community where industry has been paralyzed and idleness is followed by want and hunger. There are fourteen countries bordering on Bolshevik Russia, and they are directly exposed to the contagion. Proximity, however, would not be necessary to a development in one form or another of revolutionary movements looking to the establishment of communist society. In every country in Europe there is a minority that is profoundly suspicious of and disatisfied with the capitalist system. They could that minority did not bring to the proletariat what it considered to be its rightful share. Then they organized labor unions and the weapon of the strike came into use. The organization of strikes to enforce the demands for higher wages met with success, so far as wages are measured in units of currency, but frequently met with failure to better the condition of the workers because of advancing cost of living. Men got higher wages and found themselves worse off. This has contributed toward building up a sentiment of suspicion of the very foundations of the present social order, and everywhere, England included, there is a significant minority that refuses any compromise with the existing order, that looks upon all concessions to labor in the form of higher wages, shorter hours, unemployment insurance or even profit sharing as a sop thrown by capital to divert or confuse the working class.

This minority of extremists nowhere is large. In England it was estimated, in both conservative and radical quarters, as being at the minimum somewhere between 10 and 15 per cent of the total organized mass of the working class. In Germany it is not less, and I doubt if it is much more in any of the European countries which I visited. Everywhere it is an active and distinctly forceful minority and knows much of the power of propaganda. Within the labor unions themselves the radical element has a voice quite out of proportion to its numbers. The unionist who is comparatively satisfied with his lot and has little faith in socialistic schemes to improve it is apt to keep away from the controversial discussions and falls to attend most of the meetings of his union. Those of his fellows who hold extremely radical ideas have a certain fanatical industry. They are always busy at propaganda. They are always keen to be heard, and they never fail to register a radical vote whenever a vote is to be taken, even if it means the loss of the union. There is a constant struggle on the part of conservative leaders of union labor to hold in check the wing of their organizations represented by the extreme radicals, and they all admit that there is a menacing danger that the minority may run away with the majority. Let conditions of hardship develop in which it was difficult for every one to see means of mitigating the hardship of any of the usual methods, and the radical minority might easily assume leadership and almost overnight find itself in command of the situation. This is why it is not safe to base predictions of the future course of events on any present analysis of the relative numbers of radicals and conservatives.

In recognizing this element of instability in the European situation, it might be well if we took the lesson home and became conscious of the fact that our own great conservative majority is phlegmatic, not unified, almost voiceless, and at the same time note how efficient are the methods of active radical minorities. We have established papers with a million circulation. There is a steady flow of incendiary pamphlets through the tenements of the East Side, the authors of some of which could legally be shot for treason. Socialistic speeches are made daily in Wall Street, while the men in the adjacent offices give far more time to scheming how to get advantage of a business competitor than they give to original thinking on economic and social questions. America is the greatest of democracies, pledged to the sovereign rule of majorities, and America should beware of the power of minorities.

CHAPTER XIV.

The World's Financial Centre.

Is New York to become the financial centre of the world? This is a question which first arose in the mind of a certain ignorance, but to-day it has become a question that is entitled to be asked in seriousness, examined with care, and answered in the light of new conditions. There are three important reasons why it is difficult to remove the financial centre of the world from London to New York. First, there are the worn channels of two centuries of international commerce, channels worn so smooth that it became easier for Chile to pay a bill in Peru by means of a draft on London than to pay direct. London is the established clearing house of the world, and by fair treatment and, in the main, by holding tightly to sound principles of banking, has maintained the right to hold what she long ago established as her own.

A Fundamental Requirement.

There is a fundamental requirement, however, if a city is to be the financial clearing house of the world. That requisite is that there should be no uncertainties surrounding the meaning and value of a deposit balance in a bank at the clearing centre. It has always been England's proud boast that sterling meant gold, that a deposit in an English bank could under any conditions, at the will of the depositor, be converted into gold and sent by him where he would. It seems to me that this is an essential thing that must be possessed by the international clearing house of the world, unless we are to substitute for the gold standard some other method of ultimate payment of international balances.

London's Other Advantages.

The second point of advantage which London has over New York is her geographical position. Physically close to all the European countries, and capable of being reached from most of them direct without passing through others, she has enjoyed a unique advantage compared with any continental point. Distances in geography are not all to be measured on a map either, but rather one must take into account established lines of communication. England has been the mistress of the seas, and no point in the world has had such international mail facilities. London has a vast advantage. The greater part of the mail from the whole continent of Europe on its way to New York passes through England, as is the case with most of the mail from the Levant and some from points further east.

In the world changes that have come about I am not sure, however, but that we are even going to change geography. The day I am writing this there is expected to take place the first transatlantic flight of an airplane. If that marvel can be accomplished at all, and there seems little reason to doubt that some time it will be, it is altogether improbable that it may in time be accomplished with such ease and with such speed that the globe will shrink on the Atlantic side until a letter from New York can be delivered on the Continent almost as quickly as a letter from London has been delivered. The English are showing great courage, skill and national pride in forwarding a transatlantic flight. I am not sure that in doing so they are not hastening the day when one of the great advantages of financial London will disappear, because progress in mechanics will in effect do away with the mail.

The first two advantages that London has over New York, the advantage of long worn tradition and of geographical location, are great, but she has another advantage that far outdistances either of those, an advantage as difficult to overcome as are the advantages of time and space that are involved in the first two considerations. This last is a human advantage, an advantage of possessing skilled men, men who have grown up through generations engaged in international finance, men whose minds are trained by practice and tradition. They have had the advantage of international association, who have acquired international understanding, and who above all have that staunch English character that commands respect of dollars, francs, pesetas, lire or kroner. Have we the men to form at least the nucleus of the organization we must form if New York is to take the

Continued on Following Page.

Capt. Woodfill, a Fit Mate for Sergt. York

NOW it is Kentucky's opportunity to welcome a hero from the trenches of France; he is Capt. Samuel Woodfill of that State and he is a fit running mate of Col. Alvin C. York of Tennessee, who made a fine record for audacious courage when he was a sergeant. The Kentuckian, big raw boned, red haired and blue eyed, arrived home on the Aquitania recently, and in his modesty made every effort to hide the three medals which hung across his right chest. He would like to be allowed to go home to his wife at Fort Thomas, Kentucky, and tell the story of his exploits first to her, it may be, but the gallant Captain was not permitted to set away from New York so easily.

The Captain is of the Fifth Division, one of the first of the Regular Army units to come back home. The decorations that he wears are the Croix de Guerre with Palm, the Legion of Honor and the Congressional Medal of Honor, the last being the highest decoration in the gift of the United States Government. How he won these medals is a thrilling tale.

It was at Cunel, France, in the dark days of last October when the Germans, at length awake to their danger in the oncoming of the American Army, that the Fifth Division was held up for a time by nests of machine guns. In the sector under charge of Lieut. Woodfill, as he was then, the bitterest gun fire was persistent. Looting one nest the officer accompanied by two soldiers started to clean it out. He crawled round the flank of the emplacement, and with his gun shot three of the enemy. The fourth tried desperately to rush the American, perceiving that he would not be able to use his gun at range. But he reckoned without the Kentuckian, who pulled his revolver and shot him dead fairly between the eyes.

Lieut. Woodfill's company then advanced until another machine gun nest was located. Their officer dashed ahead and regardless of enemy fire, leaped over the parapet, shot two, captured the other Germans in the nest and silenced the gun.

That particular day was certainly Woodfill's, for on reaching the vicinity of still a third nest he charged it and killed five men with his rifle. Then drawing his revolver he leaped into the pit when two Germans who had so far escaped turned their machine gun on him. The revolver proving ineffective

the big Kentuckian seized a pick that lay on the ground and killed them both with this weapon.

In one of these brief but fierce engagements Lieut. Woodfill was severely wounded by a rifle bullet in the leg but he refused medical assistance, made light of the "accident," and went

on fighting. The wound got well of itself and without the officer's going to a front line hospital, therefore, although he comes back to Mrs. Blossom W. Woodfill (a proud woman, she) as a Captain and wearing three most coveted decorations, he does not wear a wound chevron.



CAPT. SAMUEL WOODFILL